

## **Abstract:**

This work concentrates on the issue of capital adequacy of banks. Inadequate capital base of the banking sector is often referred to as one of the causes of the latest financial crisis. Such topic is currently very actual. Even banking regulators pay high attention to this topic.

In my thesis I focus on legal and economic aspects of this topic.

It is typical for the banking sector that banks operate with much more leverage effect than enterprises belonging to other sectors. Therefore, I focus on the root cause of this phenomenon in the third chapter. I assess the bank indebtedness using the theory of optimal capital structure and I also address the relations between economic and regulatory capital.

In the fourth chapter I focus on the concept of capital adequacy and its comparison with leverage indicator. The next chapter concentrates on the development of regulatory minimum capital adequacy standards developed by the Basel Committee on Banking Supervision, known as Basel I and Basel II.

The last but one chapter focuses on the latest regulatory rules Basel III governing the capital adequacy of banks and their legal implementation.

Final chapter analyzes the impact of Basel III rules on the capital structure of banks in the European Union and the Czech Republic. A separate part of the chapter is devoted to contingent convertible bonds, which are issued as a result of higher capital requirements.